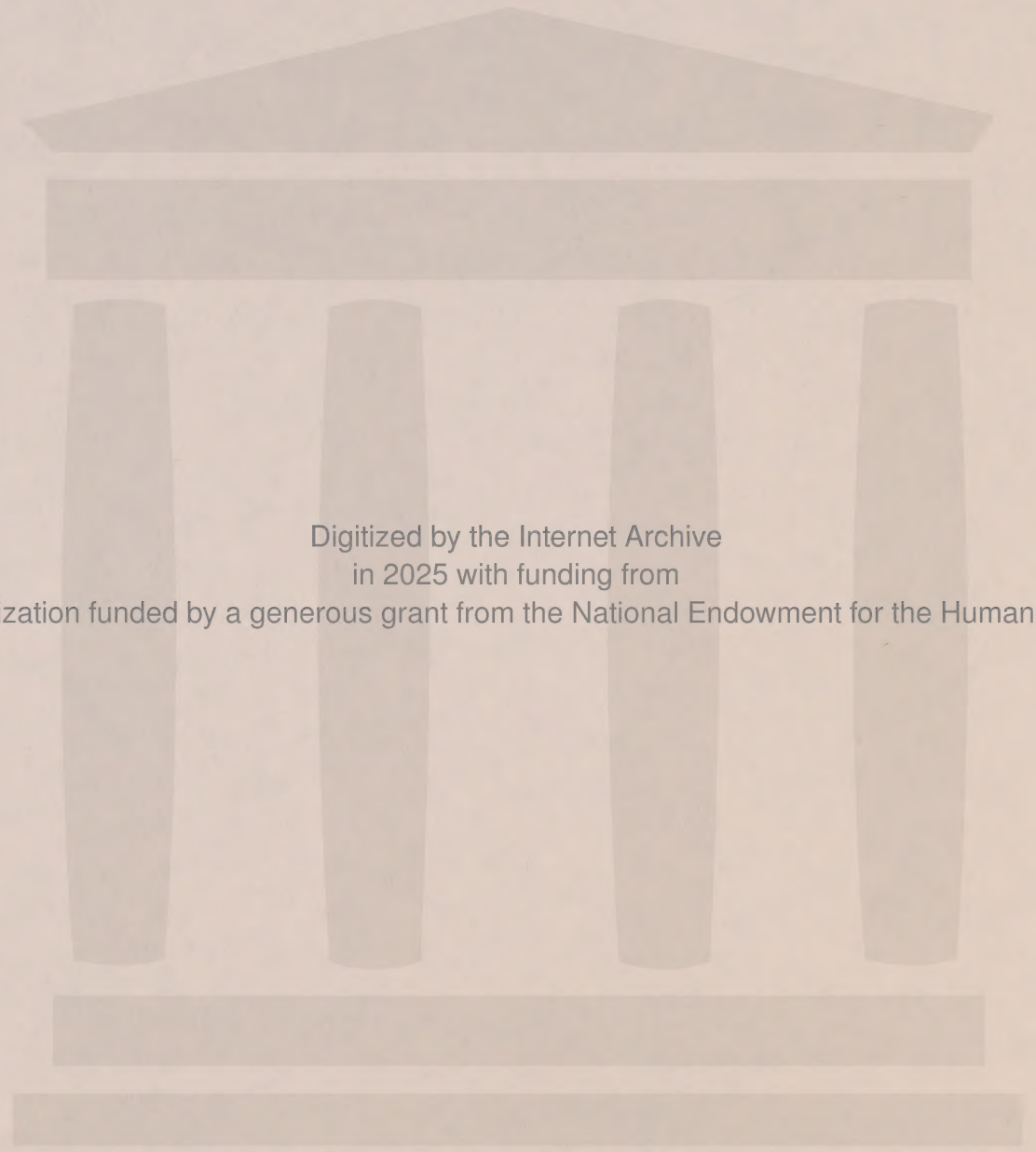
(Speech file) Julius - June 1974 file

THE MYTH OF FREE ENTERPRISE AND THE NEED FOR REGULATION IN AMERICAN INDUSTRY

I am pleased to have the opportunity to speak to the graduating class of The American University in 1974. I thought I would take a look at the need for regulations especially as it affects the electric power industry, since energy is one of the crises in which we find ourselves. I am pleased to bring you the following thoughts on the subject knowing that this class of young people are going out to help to institute the kind of programs which are needed to regulate and guide our economic lives.

In spite of the pronouncements of the fathers of laissez-faire capitalism (Thomas Aquinas, Adam Smith, David Ricardo, et al.), it has become increasingly apparent that the abusive practices of the free enterprise system clearly herald the need for regulation, centralized control, and indeed, socialization.

If the invisible hand and Jesus Christ (natural rights, natural order, the play of the market place, supply and demand) have ever been the prevailing and guiding forces in secular enterprise, they are not now so in the United States. There is not a single fifty million dollar corporation in this country selling even chewing gum that does not eat at the public trough and emjoy subsidization in the forms of depreciation allowances, tax amortization, and other federal, state and local government subsidies which come directly from the pockets of the consumers.



Digitized by the Internet Archive
in 2025 with funding from
Digitization funded by a generous grant from the National Endowment for the Humanities.

https://archive.org/details/box48_misc-state

Typical of these so-called free enterprise industries that enjoy a form of private socialism is the electric power industry, more specifically described as "private utilities and public utilities." These electric utility companies are primarily regulated by manipulatable state commissions staffed by individuals whose entrepreneural mentalities always lead them to decisions, regulations, and opinions which redound to the benefit, not of the consumers that they are designated to serve, but to the utility companies they are supposed to regulate. The federal regulatory agency, the Federal Power Commission, practices this deception on a grand scale, skillfully crying helplessness in its failure to regulate the electric power industry (too few personnel, too little money). This is hard to believe when we know that the Federal Government of the United States massively tries to quell a revolution in Southeast Asia, unseated a popular government in Cambodia, removed a duly elected government in Guatemala, and openly supported the persecution of an overwhelmingly popular elected government in East Pakistan.

The antisocial actions of the electric power industry in this country attest to the moral decadence and social irresponsibility of a federal government that fails to give priority to the interests of the consumer. Data published by the Federal Power Commission dealing with tax benefits to utility companies show that these companies enjoy equal status with the Internal Revenue Service in term of collections.

According to experts in the area of electric power, each year a few employers illegally keep taxes which they have deducted from employee pay checks for income, social security, and unemployment. These tax collections which are passed on directly to the consumer under something called a cost plus formula, are kept and not reduced when taxes go down. The collections amount to approximately 64 percent of the total amount of money spent by the United States Government in the area of public assistance each year. This is a startling contrast when one considers that there are millions of individuals who need public assistance and only a few hundred power companies who enjoy these huge illegal benefits.

The data show that there is not a single public or private utility company in these United States that does not practice job discrimination against blacks, women, Mexican-Americans, or Indians. The whole industry was recently the subject of inquiry by the U. S. Equal Employment Opportunity Commission. The industry as a whole refuses to cooperate with the puny efforts of EEOC to deal with this outrage. Companies are, in effect, collecting taxes from minority groups and women and with these taxes creating jobs which are then denied them as minority groups and women because of their race, national origin, and sex.

One of the questions often raised is, "How can the needs of people on low fixed incomes for electricity or other utility services be included in the short and long term goals of the utility industry?" First off, I disagree with the premise of the question. The needs of the majority of the people in this country should not be subject to the long term, short term, or immediate goals of any industry. The question should be the other way around, namely, "How can the utility industries be operated in such a fashion as to serve the needs of all the consumers in the United States, regardless of their income levels?" In other words, I do not accept the proposition that what is good for utility companies is good for the United States.

Poor people in general in this country and black people in particular have never enjoyed the fruits of this so-called private enterprise system. There is indeed a serious unanswered question as to whether or not giant industries such as the electric power industry can, within the prevailing economic and political framework, be required to and run on behalf of the people. What assumes prominence today in regard to regulating the electric power industry in one case and all industry in general is a state of confusion. It appears on the surface to an outsider that double-dealing dishonesty and ineffectiveness reign supreme at the levels of state and federal regulatory agencies.

We live in a society with an archaic concept of competition, in which we theoretically throw 100 loaves of bread in the middle of the floor over which we fight. Some people end up with 10 loaves some with two, and some with none. We carry this myth forward by designating the owners of 10 loaves as enterprising, industrious, businesslike individuals; those with two loaves we call middle class, petit bourgeoisie; and those with no loaves we label as lazy, slothful, sleepy-headed welfare recipients. If the participants in this game of competition were allowed to start off with equal access, equal protection, and equal opportunity, then something might be said for it, but, in reality, the game is played with the same set of rules for blind men, oppressed blacks, and denigrated women, as well as for those wealthy, opportuned white Anglo-saxon Protestants who end up with 10 loaves.

The population of the United States today has passed the two hundred million mark. On the other hand, the resources of this country are approaching depletion. We cannot continue to survive if we continue the practice of exploitation of these resources on behalf of the few.

The solution to the problem caused by electric power and other industries in this nation is nationalization and complete control by the people who use them. We need to create a society in which the mal-distribution of wealth can no longer exist. We have to live

under a set of conditions that will allow no man to starve or suffer for lack of medical attention. The nature of the free enterprise system is such that it renders our work ethic obsolete. In this real society, we have maldistribution of income, economic class formation, increasing efficiency, and a declining number of jobs, thus, a growing reserve army of the unemployed who are hard pressed to buy electrical power or even food.

As a college teacher, I am happy that I come in contact every day with younger people who are in growing numbers beginning to examine and turn off the traditional myths. The watchwords among the young are social accountability, community control, equitable and fair distribution of resources, and effective protection for citizens and consumers. The blacks in this country, who have never enjoyed one minute of total democracy, who have never been free, and who are not a part of the economic inner circles, have no choice but to oppose the free enterprise system as it manifests itself. It is indeed for them a question of survival.

COUNCIL OF THE DISTRICT OF COLUMBIA

Committee on Education, Recreation,
And Youth Affairs

Public Hearing on the FY 1976 Budget
Thursday, March 27, 1975

Opening Statement
Councilmember Julius W. Hobson

Goodmorning, ladies and gentlemen. I am the Chairman of the Committee on Education, Recreation, and Youth Affairs. Today the Committee is seated to receive testimony on the proposed FY 1976 District of Columbia Budget, as it addresses the Department of Recreation, Office of Youth Opportunity Services, and the Public Library.

The quality of life in a city is reflected in its cultural, educational, and recreational services for its people. I firmly believe that programs in these areas are not frills or luxuries; they form the nucleus of community life. I was interested to note, in this morning's Washington Post, that use of public libraries in the metropolitan area is increasing substantially, primarily due to effects of the economic situation. I would hazard a guess that demand for recreational facilities has also risen dramatically. Our elderly population have critical needs for recreational and leisure activities. Massive unemployment problems face our city's youth, especially Black teenagers. Programs are crucial for their educational, employment, and recreational needs.

The proposed FY 1976 budget offers some responses to these needs. The Recreation Department proposes to add services to several new recreational facilities, swimming pools, continue its summer camp, and many other worthwhile programs. The Public Library proposed to add to the staffing of a new branch library, increase funds for books, and provide some Sunday services. The Office of Youth Opportunity Services proposes to add funding for the Youth Courtesy Patrol, the D.C. Street Academy, and the 24 Hour Youth Assistance Center, to its array of summer employment and recreation programs for youth.

As we review these requests, we must examine them carefully to determine how they address the needs of this city. While we must assure that a high quality of program exists, we must also recognize that our economy presents severe fiscal constraints. The plethora of programs that are presented for review, represent the attempts of our city to provide creative and dynamic opportunities which will enhance each of our lives.

We will begin this morning with testimony of Public Witnesses first. Later this afternoon the agency representatives will comment on their proposals and answer questions. Unfortunately, we have the use of this chamber for only a few hours and therefore each of us must try to be brief. I hope that your testimony will address what you feel are needs and priorities. We welcome anyone who can stay this afternoon to hear the comments of the administrators of the programs.

OPENING STATEMENT
COUNCILMAN JULIUS HOBSON
COMMITTEE ON TRANSPORTATION AND ENVIRONMENTAL AFFAIRS

PUBLIC HEARING ON BILL NO. 1-238

Tuesday, May 25, 1976

Good morning, ladies and gentlemen. I am Councilmember Julius Hobson, a member of the Committee on Transportation and Environmental Affairs. With me are

This hearing has been called this morning to receive testimony on Bill 1-238, a bill amending the District's Air Quality Regulations. This bill proposes to amend the District's current emission standard for particulates emitted from stacks with fuel-burning equipment. It proposes only a slight change for particulate emissions from stacks with a heat input of less than 10,500,000 BTU's per hour total input, but would substantially lower the standard for all emissions above this level.

Bill No. 1-238 also would increase the permissible visible emissions from boilers. The current regulations permit emissions of 20% opacity for 2 minutes in any 60 minute period, and for an aggregate of 12 minutes in any 24 hour period, with zero opacity at all other times. This bill would permit emissions of 40% opacity for 2 minutes in any

60 minute period and for an aggregate of 12 minutes in any 24 hour period, with 20% opacity at all other times. The bill would also permit the averaging of emissions over a 6 minute period in determination of compliance.

I understand that the provisions of this bill would effect facilities such as the PEPCO generating plants at Buzzard Point and Benning Road, the Capitol Power Plant, the Central Heating Plant, the West Heating Plant and the larger apartment buildings, office buildings, hotels and hospitals.

In addressing this bill this morning, the Committee urges witnesses to comment on the following:

(1) the impact of the increased emissions, permissable under the proposed bill, on the air quality of the District; and

(2) the feasibility of boilers to meet the current standards and the financial cost required to do so.

I would now like to call